



# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

DONALD L. WOLFE, Director

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March 2, 2006

IN REPLY PLEASE

REFER TO FILE: **EP-4**

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**ORDINANCE AMENDING TITLE 20 OF THE LOS ANGELES COUNTY CODE  
RELATING TO SOLID WASTE FRANCHISE FEES  
ALL SUPERVISORIAL DISTRICTS  
3 VOTES**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Introduce, waive reading and place on the agenda for adoption the proposed ordinance amending Title 20 - Utilities of the Los Angeles County Code to require a franchise fee for franchises granted to provide solid waste handling services in the County unincorporated areas.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Your Board is authorized, pursuant to Section 40059 of the California Public Resources Code, to regulate aspects of solid waste handling which are of local concern including the nature, location, and extent of providing solid waste handling services and whether the services are to be provided by means of nonexclusive, partially exclusive, or wholly exclusive franchises.

On September 28, 2004, your Board amended Title 20 of the Los Angeles County Code to authorize franchise agreements for solid waste handling services in all or part of the unincorporated territory. The adoption of the enclosed proposed Ordinance would authorize the imposition of a franchise fee in an amount to be determined by the Board. At the time franchise agreements are to be awarded, Public Works will bring a recommended fee amount to the Board for approval. Revenues from the franchise fee

will provide funding necessary for planning, implementing, administering, and enforcing the franchise agreements, as well as implementing additional waste management programs serving the franchise areas, including waste reduction and public outreach programs, special collection services, community cleanup activities, and illegal dumping prevention activities.

Adoption of the proposed Ordinance is necessary for the County to proceed with the procurement process for the franchise system.

### **Implementation of Strategic Plan Goals**

This action is consistent with the County Strategic Plan Goal of Fiscal Responsibility since the individual franchises, when approved by the Board, will provide for the funding necessary to administer the franchises and implement needed waste management programs for the franchise areas.

This action is also consistent with the County Strategic Plan Goal of Service Excellence as the proposed Ordinance would assist in providing County residents and businesses with responsive, high-quality solid waste handling services and provide for appropriate oversight to ensure compliance with the terms of the franchise agreements.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund. Revenue to fund the reasonable and necessary costs incurred by the County in establishing and administering each franchise agreement will be collected after each franchise agreement is individually considered and approved by your Board.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to Section 40002 of the Public Resources Code, each jurisdiction is responsible for making adequate provisions for solid waste handling services within their corporate or political boundaries to preserve public health and safety and the well-being of the public. Proper collection and management of solid waste is an essential service that must be provided to all residents and businesses in order to protect public health and welfare while conserving natural resources.

Your Board is authorized, pursuant to Section 40059 of the Public Resources Code, to regulate matters of solid waste handling in the unincorporated areas of the County for the benefit of the public, including, but not limited to charges and fees; frequency of

collection; means of the collection and transportation; level of service; and the nature, location, and extent of providing solid waste handling services.

Pursuant to Section 41780 of the Public Resource Code, the County is mandated to divert one-half of the solid waste generated in the unincorporated County areas from landfills and transformation facilities. State law also requires the County to develop and implement waste reduction programs to ensure compliance with its waste diversion mandates. Section 41850 of the Public Resource Code makes the County subject to a potential penalty of \$10,000 per day for the County's failure to comply.

The proposed Ordinance has been reviewed and approved as to form by County Counsel.

#### **ENVIRONMENTAL DOCUMENTATION**

Adoption of the proposed Ordinance is not a project subject to the provisions of the California Environmental Quality Act in that it can be seen with certainty that there is no possibility that the Ordinance may have a significant effect on the environment.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**


There will be no negative impact to current County services or projects as a result of this action. The proposed Ordinance will improve services by authorizing the County to collect funds necessary to properly plan and administer waste handling services and implement needed waste management programs in the franchise areas.

The Honorable Board of Supervisors  
March 2, 2006  
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**CONCLUSION**

Upon approval, please return two approved copies of this letter and the proposed Ordinance to Public Works.

Respectfully submitted,

  
DONALD L. WOLFE  
Director of Public Works

VM:sm

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Enc.

cc: Chief Administrative Office  
County Counsel  
Department of Health Services



COUNTY OF LOS ANGELES  
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2713

RAYMOND G. FORTNER, JR.  
County Counsel

February 27, 2006

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Donald L. Wolfe, Director  
Department of Public Works  
900 South Fremont Avenue  
Alhambra, California 91803

Attention: Fred Rubin, Assistant Deputy Director  
Environmental Programs Division

**Re: Ordinance Relating to Franchises for Solid Waste  
Collection**

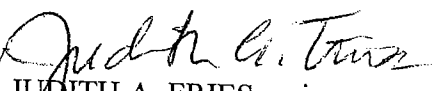
Dear Mr. Wolfe:

You have asked this office to prepare an ordinance amending Title 20 of the Los Angeles County Code to require a franchise fee for solid waste collection in the unincorporated areas.

The ordinance you requested, approved as to form, and an analysis are enclosed and may be presented to the Board of Supervisors for consideration.

Very truly yours,

RAYMOND G. FORTNER, JR.  
County Counsel

By   
JUDITH A. FRIES  
Principal Deputy County Counsel  
Public Works Division

JAF:gjv


Enclosure

HOA.350044.1

## ANALYSIS

This ordinance amends Title 20 of the Los Angeles County Code to require payment of a franchise fee for the grant of a franchise to provide solid waste handling services in county unincorporated areas.

RAYMOND G. FORTNER, JR.  
County Counsel

By   
JUDITH A. FRIES  
Principal Deputy County Counsel  
Public Works Division

JAF:gjv

2/13/06 (requested)

2/21/06 (revised)

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 20 - Utilities of the Los Angeles County Code, relating to franchise fees for solid waste handling services in the unincorporated areas.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 20.70.021 is hereby added to read as follows:

**20.70.021     Payment of franchise fee.**

A.     As consideration for the grant of a franchise awarded as provided in Section 20.70.020, the franchisee shall pay a franchise fee to the county in such amount as may be determined by the board of supervisors, expressed as a percentage of the monthly gross receipts of the franchisee arising from the use, operation, or possession of the franchise. Franchise fee payments shall be deposited in the Solid Waste Management Fund of the Department of Public Works.

B.     As used above, "gross receipts" means any and all fees, charges, and other compensation received directly or indirectly by the franchisee, its affiliates, subsidiaries, parent, and any other person or entity in which the franchisee has a financial interest or which has a financial interest in the franchisee, arising from or attributable to the franchisee's provision of solid waste handling services in accordance with the franchise agreement, but excluding any such compensation attributable to the franchisee's collection of materials or substances having commercial value which have been segregated from other solid waste materials for collection as recyclable materials.

C. The franchise fee shall accrue from the effective date of the franchise and payment shall be due 30 days after the end of each month or as otherwise provided in the franchise agreement. The franchise fee shall be made payable to the "Los Angeles County Department of Public Works" and transmitted to the Department of Public Works, Cashier's Office, 900 South Fremont Avenue, Alhambra, California 91803-1131. Payment of the fee shall be accompanied by a report, verified under oath by the franchisee or a duly authorized representative of the franchisee, setting forth in detail the computation of the amount of the franchise fee payment. The report shall show the total monthly gross receipts of the franchisee for the immediately preceding month, together with such additional data as is reasonably necessary in the opinion of the director of public works to calculate or verify the calculation of the monthly franchise fee payment.

D. Unpaid franchise fees are delinquent 30 days after they are due. In the event the franchisee fails to pay any franchise fee in full on or before the delinquency date, the franchisee shall pay a late payment charge equal to 10 percent of the unpaid amount. As an additional late payment charge, an assessment of interest will accrue at the rate of two percent of the unpaid franchise fee due for each month, or any portion thereof, that the unpaid fee plus late payment charges remain delinquent. The director of public works may reduce or waive late payment charges upon a determination that there is a reasonable basis for the franchisee's failure to timely pay the franchise fee. The county is not obligated to notify the franchisee of the accumulation of late payment charges.



E. If the report of gross receipts made by the franchisee should be found to be less than the amount of gross receipts disclosed by audit or review, the franchisee shall pay, within 30 days of billing, the delinquent fee amount and all late payment charges that have accrued under subsection D above. In the event the additional franchise fee amount due to the county exceeds two percent of the total amount that should have been paid as determined by such audit or review, the franchisee shall pay the cost of the audit or review unless the director of public works determines that there is a reasonable basis for the failure to report or pay.

F. If overpayment of the franchise fee is disclosed by an audit or review, the franchisee shall take the amount of overpayment as a credit against subsequent franchise fee payments.

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